

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 764 - HB 1425

April 17, 2019

SUMMARY OF ORIGINAL BILL: Changes, from one to two, the number of additional dual enrollment courses a student may take under a dual enrollment grant (DEG) program under certain circumstances for a total of three DEG courses per semester. Authorizes an eligible student to receive a dual enrollment grant for no more than 10 courses.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures –

Exceeds \$228,000/FY19-20/Lottery for Education Account

Net Impact – Exceeds \$41,000/FY20-21 and Subsequent Years/Lottery for
Education Account

Other Fiscal Impact - Funding in an amount exceeding \$228,000 in FY19-20, and recurring funding exceeding \$41,000 beginning in FY20-21, will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Special Reserve Account.

SUMMARY OF AMENDMENT (008385): Deletes and rewrites all language after the enacting clause such that the only substantive changes are to (1) change the effective date to July 1, 2020; and (2) require TSAC's board of directors to determine the award for a credit hour taken under a dual enrollment grant.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures –

Exceeds \$228,000/FY20-21/Lottery for Education Account

Net Impact – Exceeds \$41,000/FY21-22 and Subsequent Years/Lottery for
Education Account

Other Fiscal Impact - Funding in an amount exceeding \$228,000 in FY20-21, and recurring funding exceeding \$41,000 beginning in FY21-22, will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Special Reserve Account.

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Assumptions for the bill as amended:

- The current DEG award for courses five through eight receive up to \$100 per credit hour. DEG students can only take up to two courses per semester for a total of eight possible courses in the student's junior and senior year.
- This legislation would allow for up to three courses per semester and no more than a total of 10 courses.
- It is estimated that for the two additional courses, courses nine and ten, that DEG students would take an average of six credit hours (three credit hours for each of the two courses) and receive \$600 (\$100 per hour x 6 hours).
- In FY17-18, a total of 28,759 students actually received the DEG; 522 of those students took courses seven and eight or approximately 1.82 percent of the total cohort.
- Based on information provided by Tennessee Student Assistance Corporation (TSAC) the total number of DEG recipients is expected to increase to at least 34,798 for FY20-21, if the additional awards were available pursuant to this legislation.
- Courses nine and ten will be taken by 60 percent of those students taking courses seven and eight.
- It is estimated that in FY20-21 at least 633 students (34,798 students x 1.82%) will take courses seven and eight, and that approximately 60 percent of those students will take courses nine and ten for a total estimated to be at least 380 (633 x 60%) respective students.
- These numbers are assumed to remain constant into perpetuity; as a result, the recurring increase in state expenditures from the Lottery for Education Account (LFEA) for additional DEG awards is estimated to exceed \$228,000 (380 minimum students x \$600) per year beginning in FY20-21.
- Students who receive the DEG award for more than four dual enrollment courses over junior and senior years will have the award amounts reduced from their Tennessee HOPE Scholarship on a dollar for dollar basis.
- In FY21-22 and subsequent years, HOPE Scholarship awards will be reduced for students who have received the additional DEG awards for courses nine and ten in previous years.
- Based on information provided by TSAC, approximately 18 percent of students receiving DEG awards for the ninth and tenth course will not receive the HOPE Scholarship because they will attend an ineligible (out-of-state) postsecondary institution, resulting in 82 percent of students receiving the reduced HOPE Scholarship award.
- The net recurring increase in state expenditures from the LFEA beginning in FY21-22 is estimated to exceed \$41,040 [\$228,000 (for new DEG awards in FY21-22) – \$186,960 (\$228,000 x 82% applicable to reduced HOPE Scholarship awards relative to students who received the respective DEG awards in previous years)].

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Handwritten signature of Krista Lee Carsner in black ink.

Krista Lee Carsner, Executive Director

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